

## Limited Source Justification

*"Source Selection Information – see FAR 2.101 and 3.104"*

### 1. Identification of the agency and contracting activity.

- **Federal agency and contracting activity:** HHS – Centers for Medicare & Medicaid Services
- **Sponsoring organization:** Office of Information Services / Consumer Information & Insurance Systems Group
- **Project Officer information**
  - **Project Officer :** Paul Weiss
  - **Mailing address:** 7500 Security Blvd, Baltimore, MD 21244
  - **E-mail address:** paul.weiss@cms.hhs.gov
  - **Telephone number:** (410) 786-6089

### 2. Nature and/or description of the action being approved.

This justification supports the award of an out of scope modification to a GSA Schedule 70 task order with Terremark Federal Group, Inc. to add technology infrastructure and service requirements not contemplated at time of award. The additional services are required to provide sufficient cloud computing to support the operations of the Federally Facilitated Marketplace (FFM) and Data Services Hub (DSH). These two projects support the Affordable Care Act (ACA) health care reform implementations.

- **Acquisition purpose and objectives.**

The goal of this effort is to obtain the technology infrastructure and service requirements to provide the cloud computing environment for the FFM and DSH. The FFM is the Federal health care exchange. The DSH is the information conduit to be used to share information among all state exchanges, stakeholders and Federal partner agencies.

One of the key provisions of the ACA is the implementation of Insurance Exchanges. An Exchange is an organized marketplace to help consumers buy health insurance in a way that permits easy comparison of available plan options based on price, benefits, services and quality.

Each Exchange requires a state-of-the-art, Federal Information Security Management Act (FISMA) compliant cloud-based infrastructure that can dynamically scale as needed, and a secure, cloud-based Application Lifecycle Management (ALM) that functions as a component of a Platform as-a-Service (PaaS).

- **Project background.**

The Contracting Officer considers the work contained in the subject modification to be out of scope and requiring this justification. Both parties could not have contemplated that this additional capacity was required. This additional capacity was not included in the original task order, and therefore the addition of the work is justified and approved with this Limited Sources Justification.

The value of this modification is \$8.7 million.

As a result, the total value of the task order is increased by \$8,759,849.20 from \$37,284,615.38 to \$46,044,464.58.

**3. Description of the supplies or services required to meet the agency's needs (including the estimated value).**

- **Project title:** Cloud Computing Services
- **Project description**

CMS requires additional computing capacity over and above that contemplated at time of award.

- **Requirement type.**

- ☐ Support services (non-research & development)
- ☐ Supplies/equipment
- ☒ Information technology (IT)
- ☐ Other (specify): \_\_\_\_\_

- **Type of action.**

- ☐ New requirement
- ☐ Follow-on
- ☒ Other (specify): \_\_\_\_Modification to add out of scope services

- **Proposed contract/order type.**

- ☒ Firm-fixed-price
- ☐ Time and materials
- ☐ Indefinite delivery (specify whether indefinite quantity, definite quantity, or requirements): \_\_\_\_\_
- ☐ Other (specify): \_\_\_\_\_

- **Acquisition identification number:** N/A

- **Total estimated dollar value and performance/delivery period.**

The value of this modification is \$8.7M. The period of performance of the order will remain unchanged.

**4. Identification of the justification rationale [see 8.405-6(a) and (b)] and, if applicable, a demonstration of the proposed contractor's unique qualifications to provide the required supply or service.**

**a. Acquisition authority.**

**X This acquisition is conducted under the authority of the Multiple Award Schedule Program. Consideration of schedule contractors will be restricted to fewer than the number required by Federal Acquisition Regulation (FAR) 8.405-6(a)(1)(i)(A) (i.e., fewer than three FSS contractors). There is an urgent and compelling need for the services and following the ordering procedures will result in unacceptable delays.**

**☐ This acquisition is conducted under the authority of the Multiple Award Schedule Program. Consideration of schedule contractors will be restricted only to the item peculiar to one manufacturer as provided in FAR 8.405-6(a)(2).**

**b. Demonstration of the proposed contractor(s) unique qualifications to provide the required supply or service.**

**• Name and address of the proposed contractor(s).**

Terremark Federal Group, Inc., One Biscayne Tower, 2 S.  
Biscayne Boulevard, Suite 2800, Miami, FL 33131-1800

**• Nature of the acquisition and proposed contractor(s) unique qualifications.**

CMS could not have anticipated the need to add these additional services. Previous resource estimates gave CMS reasonable assurance that the capacity procured through this order was sufficient for the expected demands. CMS learned through performance and stress testing conducted on September 26, 2013 that the Terremark cloud would only be able to handle about 10,000 concurrent users. This was far short of the expected peak traffic of 50,000 concurrent users. The task order did not have a specific concurrent user performance requirement. OIS quickly realized that the cloud services would have to be expanded in order to be able to meet the expected user demands.

There is insufficient time to competitively procure the needed services. A procurement action like this would normally take about four to six weeks to procure. The exchanges will be operational when the open enrollment period begins on October 1, 2013. CMS believed if the additional services were not added urgently, the Exchanges would not function as designed and citizens would not be able to comparison shop for affordable health care insurance.

**5. Determination by the ordering activity Contracting Officer that the order represents the best value consistent with FAR 8.404(d).**

The Contracting Officer performed price analysis on the GSA schedule pricing proposed by the contractor. The Contracting Officer requested and obtained additional discounts to the already-negotiated GSA pricing. The Contracting Officer requested the contractor to provide detailed pricing information from the GSA schedule price list illustrating how the contractor derives its proposed pricing for the cloud services. For the labor portions of the required services, the Contracting Officer required the contractor to provide the estimated hours and GSA schedule labor categories proposed to perform the services. The Contracting Officer performed price analysis of these proposed rates and obtained a technical analysis from the CMS program office to determine if the quantities and types of labor were realistic to perform the required services. Based on the analysis described above, the Contracting Officer determined the total proposed price was fair and reasonable. The Contracting Officer believes the modification will provide the greatest overall benefit to the Government.

**6. Description of the market research conducted among schedule holders and the results, or a statement of the reasons market research was not conducted.**

As discussed above, there was insufficient time to follow normal competitive procedures. However, CMS believes it is most reasonable (in terms of time efficiency and expertise) to have the current contractor perform this work as they are in the best position to add the required capacity as quickly as possible to their cloud environment.

**7. Any other facts supporting the justification.**

The Health Care Reform efforts this task order supports affect a significant portion of the country's citizens. There is insufficient time to compete the added capacity requirements and successfully implement the exchange program as mandated by law, additionally, the current contractor is in the best position to add the required capacity to its cloud environment.

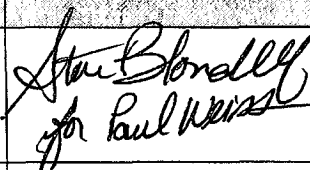
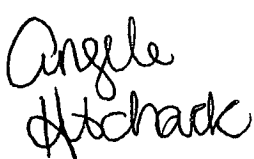

**8. Statement of the actions, if any, the agency may take to remove or overcome any barriers that led to the restricted consideration before any subsequent acquisition for the supplies or services is made.**

a. Removal of barriers to competition. N/A

b. Listing of sources, if any, that expressed an interest, in writing, in the acquisition. N/A

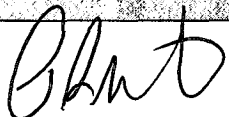
**9. Program office certification**

**This is to certify that the portions of this justification that have been developed by the undersigned program office personnel, including supporting information and/or data verifying the Government's minimum needs or requirements, or other rationale for limited sources, are accurate and complete.**



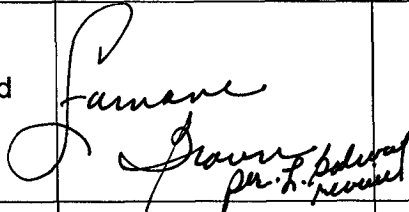

Official	Name & Title	Signature	Date
Contracting Officer's Representative	Paul Weiss		9/30/13
Contracting Officer's Representative's Immediate Supervisor	Angela Hitchcock		9/30/13
Head of the Sponsoring Program Office	Tony Trenkle		9/30/13

**10. Contracting Officer Certification**

This is to certify that the justification for the proposed acquisition has been reviewed and that to the best of my knowledge and belief the information and/or data provided to support the rationale and recommendation for approval is accurate and complete.

Official	Name & Title	Signature	Date
Contracting Officer	Andrew Mummert		11/5/13

**11. Chief of the Contracting Office and Head of the Contracting Activity signature(s):**

Official	Name & Title	Signature	Date
Cognizant Division Director	Andrew Mummert, Director, Division of Information Systems Contracts		11/5/13
Cognizant Group Director	Don Knode, Director, Information Technology Contracts Group		11/6/13
Director, Division of Policy Workforce and Systems	Famane Brown, Director, Division of Policy Workforce and Systems	 Famane Brown per: L. Federal reviewed	11/18/13
Head of the Contracting Activity	Daniel F. Kane, Director, Office of Acquisition and Grants Management		11/24/13

**12. Competition Advocate signature:**

Official	Name & Title	Signature	Date
Competition Advocate	Michelle Snyder, Chief Operating Officer	Michelle S	12/18/2013

**DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)**

**CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)**

**OFFICE OF ACQUISITION & GRANTS MANAGEMENT (OAGM)**

**SUBJECT: OAGM CONTRACT DOCUMENTATION DISTRIBUTION SHEET  
SIGN OFF**

**Prepared by:** Andy Mummert  
(CO/CS)

**Date:** November 18, 2013

**Date Due:** \_\_\_\_\_

**Signature Level:** Dan Kane

(Office Director/Deputy Office Director/Group Director/Division Director)

	NAME	OFF/DIV/BR	SIGNATURE & DATE
Cleared by	Andy Mummert	DD	(see LSJ)
Cleared by	Don Knode	GD	(see LSJ)
Cleared by	Leisa Bodway	Policy	(see LSJ)
Cleared by	<i>Derrick Henderson</i>	OAGM	<i>[Signature]</i>

**HIGH LEVEL DETAILED SUMMARY STATEMENT:**

- LSJ for urgent mod to Exchange Cloud order (Terremark)
- OGC reviewed and provided comments, all edits and comments have been addressed
- Policy has reviewed and signed
- It is now ready for your review and if acceptable, ready to go to Michelle Snyder for approval



## CORRESPONDENCE FACT SHEET

**To:** Michelle Snyder, Chief Operating Officer

**Subj:** Limited Source Justification for Terremark Cloud Expansion Modification

### Executive Summary

- OAGM requests your approval and signature of the attached Limited Source Justification.
- This is a GSA order for the Exchange Cloud Computing Services; CMS learned on September 26 through stress testing that the cloud required an urgent infrastructure expansion in order to increase the capacity of the Healthcare.gov web site.
- CMS executed the modification under the urgent and compelling need to obtain the required cloud infrastructure.
- The value of the subject modification is: **\$8,759,849.20**, bringing the total order value to \$46,044,464 for the base year and two option years.
- The FAR permits approval of urgent justifications after the fact.

Respectfully submitted,

Andrew Mummert

Director, Division of Information Systems Contracts